

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

August 17, 2000

Chairman Winston presided. Present: members Clancy, Gibbs; Hyler; Sparrow, Teer and Toler. Absent: member Parker. Also present: Airport Director Brantley; Deputy Airport Director Shackelford; Assistant Director for Facilities Powell; Assistant Director for Marketing Damiano; DBE Program Officer Umphrey; Program Manager Edmondson; Program Manager Cayton; Program Manager Quesenberry; Noise Officer Tovar; Environmental Officer Gilkinson; Project Manager Malcolm; Finance Manager Barritt; Training Supervisor Bell; Training Officer Harleston; Business Development Officer Hairston; Properties & Insurance Officer Quinn; Public Affairs Manager Blanton; Public Affairs Specialist Persson; Website Administrator Geoffre; Information Systems Manager Schiller; Accounting Technician Marion; Accounting Technician Schick; Internal Auditor Jordan; Purchasing Officer Thompson; Maintenance Manager Fulp; Operations Manager Nelson; Acting Parking Manager Burgess; Assistant Parking Manager Clinckscale; Ground Transportation Manager Odom; Emergency Services Manager Thompson; Law Enforcement Manager Waters; Assistant Law Enforcement Manager Gilsdorf; Volunteer Coordinator Angelucci; Administrative Support Assistant Gray; Executive Assistant Mitchell and Attorney Tatum.

Guests: Vicky Hyman, The News & Observer; Adam Hatch, The Durham Herald-Sun; Judith Burnham and Walter High, The Book Cellar; and Reverend Dennis Stiles, Airport Chapel Committee

APPROVAL OF AGENDA – There were no changes or additions to the agenda, and it was approved as submitted.

APPROVALS OF MINUTES – There were no changes to the minutes of the July 20, 2000 meeting, and they were approved as submitted.

CHAIRMAN'S COMMENTS – Chairman Winston advised he had no comments at this time.

LAND & DEVELOPEMENT COMMITTEE – Member Teer reported the Committee met on August 17, 2000 and discussed the following items:

1. Presentation on Parking Garage 4, RDU #070319. Steve Totten, Vice President and District Manager of Walker Parking Consultants/Engineers, Inc., made a presentation on the attributes and planned phases of construction of Parking Garage 4. Upon completion of all planned parking deck development between the terminals, the total number of public parking spaces in that area will exceed 15,000. Construction of Parking Garage 4 will commence in the early Spring 2001, and that deck will have approximately 6,150 spaces.
2. Consideration of a Resolution Authorizing Staff to Submit to the State Building Commission an Application for Authorization to Use an Alternative Contracting Method for Parking Garage 4, RDU #070139. The Committee reviewed a proposal whereby the Authority would request of the State Building Commission permission to use the single prime contracting method and/or other alternative contracting methods in contracting for construction of Parking Garage 4. Staff believes the project will be better served if the contracting method used is other than the multiple prime contracting method. The Committee recommended adoption of a resolution authorizing staff to submit an application to the State Building Commission to use an alternative contracting method in lieu of the multiple prime contracting method for the Parking Garage 4 project.

3. Consideration of Change Order No. 2 with The Nello Teer Company and a Budget Adjustment for Terminal A Apron Pavement Rehabilitation, RDU #070269. Program Manager Cayton presented information regarding changes in the repair techniques, phasing and operational considerations, and the need to construct an area for parking airline ground service equipment between Taxiways C and D. Approval of Change Order Number Two with the Nello Teer Company in the amount of \$583,837, and an increase in the project budget for Terminal A Apron Pavement Rehabilitation of \$400,000 from \$800,000 to \$1,200,000 were requested. The Committee recommended approval of the change order and an increase in the project budget to \$1,200,000.

Member Teer made a motion, seconded by Member Gibbs, that the recommendations of the Land & Development Committee be approved. Adopted.

STAFF REPORT – Member Hyler advised that staff had carefully reviewed and considered the revisions to the guidelines for the Permanent Noise Monitoring System that were proposed by a member of the Aircraft Noise Abatement Committee and referred to staff for analysis at the March 30, 2000 meeting. Staff agreed with the observation that matters of policy should be separated from the objectives of the system and incorporated into a separate policy statement to be adopted by the Authority. The guidelines had been revised to do that and were now proposed for adoption as restated.

Member Hyler made a motion, seconded by Member Teer, to accept the staff report reflecting the revised guidelines for a Permanent Noise Monitoring System and to adopt those guidelines. Adopted.

NOISE RULE REPORT - Noise Officer Tovar reported that during the second quarter of 2000 none of the five air carriers that received noise allocations exceeded those allocations. In addition, none of the 20 air carriers that have not been granted a noise allocation exceeded the threshold noise level.

MIDWAY AIRLINES NOISE ALLOCATION REQUEST – Noise Officer Tovar reported that Midway Airlines requested noise allocations of 56.72 dB for the third quarter 2000 and 56.94 dB for the fourth quarter 2000 under the Aircraft Noise Rule due to the noise from its operations having reached the certificate threshold. Midway operates an entirely Stage 3 fleet of very quiet aircraft, but the level of its flight operations has now reached the point that a certificate is required.

Member Hyler made a motion, seconded by Member Sparrow, to grant Midway Airlines' noise allocation request for the third and fourth quarters 2000. Adopted.

FEDERAL AVIATION ADMINISTRATION LEASE AGREEMENT – Properties & Insurance Officer Quinn reported that the FAA desires to renew its ground lease agreement for the sites on which certain aerial navigation equipment is installed and maintained by the FAA. Lease DTFA06-00-L-20278 is for Runway 05L Medium Intensity Approach Lighting System with Rails (MALSR) & ILS Middle Marker (MM) and Runway 23R ILS Localizer. The term is October 1, 1999 through September 30, 2009 as the previous agreement expired September 30, 1999. There is no rent. If the lease is not renewed or extended, the FAA must restore the site or compensate the Authority for restoration.

Member Sparrow made a motion, seconded by Member Hyler, to approve the proposed lease agreement with the Federal Aviation Administration. Adopted.

FEDERAL EXPRESS LEASE AMENDMENT – Properties & Insurance Officer Quinn reported on proposed Lease Amendment No. 3 with Federal Express Corporation (now FDX Corporation), which

covers the ground area to be occupied by 29,904 s.f. of warehouse/office building (original facility 26,445 s.f.; total 56,349 s.f.) and 117,273 s.f. of parking, staging and maneuvering room space (original area 123,391 s.f.; total 240,664 s.f.) adjoining the facility it leases from the Authority in the North Cargo area. The expanded facilities will be constructed and maintained by FedEx at its sole cost and expense. The lease term for the space is 20 years from the date of beneficial occupancy of the expanded facilities, which is to be not earlier than May 15, 2001 nor later than July 15, 2001. Construction is to begin by October 1, 2000. No additional ground rent is being charged for the additional space, as none is charged for the current leased space. Facilities constructed by FedEx will become the property of the Authority at the end of the lease term.

Member Hyler made a motion, seconded by Member Toler, to approve the lease amendment. Adopted.

TERMINALS A & C CONCESSIONS AGREEMENTS – Business Development Officer Hairston reported that contract negotiations were completed with each of the new concessionaires except World Duty Free that were recommended to the Authority at the July 20, 2000 meeting. The general terms of each agreement were outlined:

The Prime Food/Beverage agreement with Anton Airfood, Inc. will cover the operation of thirteen concession units during the ten-year term. Anton will sublet four units to DBE firms to satisfy the 25% DBE participation goal set by the Authority. A fifth unit may be sublet to a DBE firm. Percentage rents range from 10% to 15% based on the type of concession operated. DBE firms include Lee Airport Concessions, Ltd. and RDU All American (a Freddy and Janice Grave/Anton Airfood joint venture).

The Snack Food agreement with Lee Airport Concessions, Ltd. covers operation of six concession units during the ten-year term, with percentage rent of 11% for each unit. The concessionaire is a DBE firm. The concessionaire will operate one cart at the south end of the Terminal C concourse that will be converted to a kiosk if warranted by sales and enplanement increases. The juice concept has been changed from Juice Cabana to Jazzy Juice, which allows the juice and ice cream concepts to share a space with a consistent store design and be equally available in both terminals. The concessionaire will pay percentage rent only until the start of the second contract year (no Minimum Annual Guarantee during the first contract year).

The Retail Merchandise agreement with The Paradies Shops covers operation of thirteen concession units during the five-year term. The concessionaire will sublet four concession units to DBE firms to satisfy the 25% DBE participation goal. Percentage rents will range from 11% to 15% based on the type of outlet operated. DBE firms include RTC (a CTN Service Agency/The Paradies Shops joint venture) and The Book Cellar.

The Bookstore/Merchandise agreement with RDU Air Ventures covers operation of five concession units during the five-year term. The concessionaire is a DBE joint venture between WH Smith and Shaw Food Services Company, Inc., which satisfies the 25% DBE participation goal. Percentage rents will range from 11.5% to 18%.

The Duty Free/Duty Paid agreement with World Duty Free Airports (Midwest), Inc. will cover operation of two concession units during the five-year term. There is no DBE participation goal in this agreement as none was established. Percentage rent will be 12%. The concessionaire will pay percentage rent only until the start of the second year (no Minimum Annual Guarantee during the first contract year).

All concessionaires will submit a security deposit, which is a new requirement in the contract terms. Staff requested approval of the overall terms of these concession agreements.

Member Gibbs made a motion, seconded by Member Teer, to approve the terms of the agreements with Anton Airfood, Inc., Lee Airport Concessions, Ltd., The Paradies Shops and RDU Air Ventures pending final review of the contracts by Attorney Tatum. Adopted.

SMART CARTE REQUEST – Business Development Officer Hairston presented a request from Smart Carte Inc. to increase the unit cart rental rate from \$1.50 to \$2.00. Smart Carte provides baggage carts in the terminals and the terminal area parking lots and baggage lockers in the terminals. The proposed rate increase is being implemented throughout Smarte Carte's airport markets. It responds to customer complaints about the current need for exact change to rent a cart. Smarte Carte proposes to increase its local staff to improve collection and redistribution of carts and to better maintain the locker operations. Staff recommended approval of the rate increase from \$1.50 to \$2.00 per cart per rental.

Member Clancy made a motion, seconded by Member Hyler, to approve the proposed rate increase from \$1.50 to \$2.00 per cart per rental. Adopted.

MEMBER COMMENTS/REPORTS – Member Clancy remarked that during the last several trips he has made to the airport he has not had any difficulty finding a parking space, and he commended the parking staff on their good work in managing the parking needs.

GENERAL COUNSEL'S REPORT – Attorney Tatum requested that the Board go into Executive Session at the end of the meeting to discuss acquisition of property and a litigation matter.

AIRPORT DIRECTOR'S REPORT –

- Enplaned passengers for June 2000 totaled 485,161 versus 442,767 for June 1999 for a 9.6% increase. Year-to-date 2000 enplanements totaled 2,992,277 versus 2,422,589 for 1999 for a 22.5% increase.
- Deplaned passengers for June 2000 totaled 496,427 versus 434,645 for June 1999 for a 14.2% increase. Year-to-date 2000 deplanements totaled 3,020,160 versus 2,455,236 for 1999 for a 23.5% increase.
- Enplaned air cargo for June 2000 totaled 9,826,818 pounds versus 9,315,019 pounds for June 1999 for a 5.5% increase. Year-to-date 2000 enplaned air cargo totaled 72,944,534 pounds versus 68,353,533 pounds for 1999 for a 6.7% increase.
- Deplaned air cargo for June 2000 totaled 10,188,475 pounds versus 10,564,545 pounds for June 1999 for a 3.6% decrease. Year-to-date 2000 deplaned air cargo totaled 75,506,410 pounds versus 71,468,995 pounds for 1999 for a 5.6% increase.
- Weekday scheduled flight departures for June 2000 totaled 298 versus 267 for June 1999 for an 11.6% increase.
- Aircraft operations for June 2000 totaled 24,436 versus 24,568 for June 1999 for a 0.5% decrease. Year-to-date 2000 aircraft operations totaled 169,725 versus 166,664 for 1999 for a 1.8% increase.

- The number of taxicab trips taken during June 2000 totaled 11,936 versus 11,414 during June 1999 for a 4.6% increase. Year-to-date 2000 taxicab trips totaled 82,235 versus 70,981 during 1999 for a 15.9% increase.
- The Ground Transportation Department is anticipating the arrival of four new 40-foot buses within the next week. TCT (Wolfline) will cease supplementary operations at the airport after Friday, August 18, 2000.
- The FAA Flight Service Station has won the award for Flight Service Station Facility of the Year in the southeastern United States for the past two years and the national facility award for 1998. They played an instrumental role in last year's Citation Airlift for the Special Olympics World Games, and the Authority congratulates them on these achievements.
- The U.S Postal Service is working towards restoring box service on the airport, at least by October 1 and possibly by September 1, 2000. An area for box service and sorting will be incorporated into the new cargo facility, and mailboxes will be relocated to that facility from the Air Mail Processing Facility when it is completed.
- The next auction of surplus property will be held September 9, 2000. Approximately sixteen vehicles will be auctioned, along with other small-ticket items. A report on the results will be made at the next Authority meeting in September.

EXECUTIVE SESSION –

Member Hyler made a motion, seconded by Member Teer, to go into Executive Session for the purpose of discussing acquisition of property and a litigation matter.

Member Teer made a motion, seconded by Member Gibbs, to return to Open Session.

ADJOURNMENT - There being no further business, Chairman Winston adjourned the meeting.

Respectfully submitted,

David T. Clancy, Secretary

CORRECT ATTEST:

Robert Winston, III, Chairman